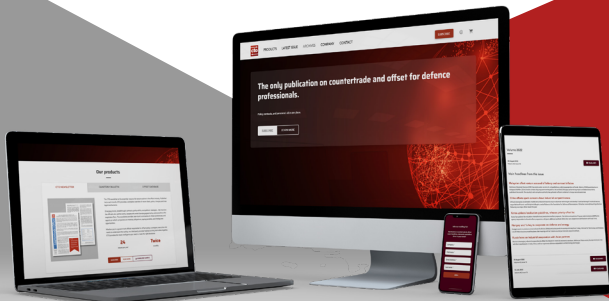


ABOUT US

CTO helps defence professionals make better and wiser decisions in the offset world. Sourcing offset intelligence amid supply chain disruptions and a changing security environment has never been more important, nor more difficult. Our customers rely on CTO for timely, verified, and relevant information.

Over the past two years, CTO has made strides to enhance our customers' experience. We have expanded our team, increased our conference presence, redesigned our website and products, and invested in new products and partnerships.

Open up to reveal our existing and upcoming products.



CONTACT US

Send us an email to find out more or share your feedback on our products.

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The CTO Newsletter (CTO) provides a complete overview of recent offset deals, policy changes, and new legal mechanisms.

CTO includes exclusive commentary and offers year round summaries of offset conferences.

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CENTRAL AND EASTERN EUROPE (CEE) OFFSET REPORT

The CEE Offset Report examines offset trends and opportunities in 10 countries across Central and Eastern Europe. Since Russia's invasion of Ukraine, CEE nations are turning to offsets to improve self-sufficiency, strengthen partnerships, and support local industry. Our team has combed through ten years of CTO archives, government papers, and private interviews to answer your questions.

The Spring 2026 edition includes our exclusive CEE Offset Database, a unique record of offset deals in the CEE region over the past 10 years, scenario planning, as well as country-based infographics on defence spending, offset

Definitions

The following chapter provides a rapid overview of key terms and definitions, to summarizing offset in brief, the text sometimes employs shorthand or uses an abbreviation for the sake of clarity. It is not designed to be comprehensive, and only serves to establish the standard terms and premises used throughout the Quarterly Bulletin. The encourage offset professionals to rely on secondary and tertiary resources to complement this document's information.

WHAT IS OFFSET?

Broadly speaking, "offset" refers to **compensation for the purchase of foreign equipment**, governments may require that the offset be in the form of goods or services being produced in defence tenders, and in some cases can be a contractual obligation, where an offset is agreed either in a parallel offset agreement.

The Quarterly Bulletin divides offsets into three broad types:

Direct offset: Activity that is directly related to the sale. For example, funds are being used for the design and assembling the tank parts locally, or men to the service.

Indirect offset: Activity that is not direct service being sold, but still occurring within the scope. Funds are being sold, the indirect offset is to the European sector.

Indirect civil offset: Activity that is not in the direct to the production being sold. By this means to tourism, agriculture, infrastructure project, etc. Recent years have seen a push towards civil offset.

Across three categories, offset activities can include:

- Subcontracting
- Buy back
- Licensed production
- Technology transfer
- Education and training

Table of contents

Introduction	2	Malaysia	167
Definitions	4	Maldives	168
Algeria	7	Mauritania	169
Angola	11	Mexico	170
Argentina	12	Netherlands	171
Australia	13	New Zealand	172
Austria	14	Nigeria	173
Bahrain	15	Poland	174
Bangladesh	16	Portugal	175
Belgium	17	Qatar	176
Brazil	18	Romania	177
Bulgaria	19	Russia	178
Canada	20	Saudi Arabia	179
China	21	Singapore	180
Colombia	22	South Africa	181
Croatia	23	South Korea	182
Cuba	24	Spain	183
Czech Republic	25	Sri Lanka	184
Denmark	26	Sweden	185
Ecuador	27	Switzerland	186
Egypt	28	Taiwan	187
France	29	Tanzania	188
Germany	30	Turkey	189
Ghana	31	Ukraine	190
Greece	32	United Kingdom	191
Hungary	33	United States	192
India	34	Uzbekistan	193
Indonesia	35	Vietnam	194
Iran	36	WTO GPA	195
Israel	37	ECI Regulation	196
Italy	38		
Japan	39		
Jordan	40		
Kazakhstan	41		
Korea	42		
Kuwait	43		
Latvia	44		
Lithuania	45		
Luxembourg	46		

QUARTERLY BULLETIN (QB)

QB is a unique compendium of offset guidelines for more than 80 countries. Country by country, we explain the thresholds, quotas, eligible products, multipliers, and penalties – even if they are not officially published – and provide exclusive insights straight from government officials and industry executives.

QB is updated every quarter. Our July 2026 edition includes updates on the offset policies of Australia, Canada, Estonia, Japan, Switzerland, the UK, and the US, among others.

4
ISSUES
PER YEAR

ANNUAL
SUBSCRIPTION



Countertrade
& Offset

VOL. 44 NO. 13
14 July 2026

INSIDE THIS ISSUE

- p.2 Japan reviews defence industrial policy, weighs FMS-like framework
- p.4 KNDs wins long overdue Malaysian howitzer contract
- p.7 India's MKU to develop and localise electro-optics systems in Indonesia
- p.10 Latvia's Origin Robotics wins French drone contract
- p.10 Lithuania to join CAVS programme; Patria signs first local partnership

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SWITZERLAND ANCHORS OFFSETS IN LAW FOR THE FIRST TIME

The revised Swiss Military Act (SMA), which came into force on 1 June 2026, establishes for the first time in Switzerland a legal basis for offset obligations in their defence procurement. The Swiss Federal Council will release a dedicated ordinance in 2027 to also define the detailed implementation of offsets, including procedures, responsibilities, and eligible industries.

The SMA, officially known as the *Federal Act on the Army and Military Administration*, is the foundational legislation governing conscription, military organization, and defence operations in Switzerland.

Simon Hufschmidt, head of Industrial Cooperations & Offsets at the Federal Department of Defence Procurement (armasuisse), told CTO that the SMA amendment strengthened legal certainty, transparency, and governance in Switzerland's management of offsets. He added that it provided a clearer legal basis for offset obligations in Swiss defence procurement while also maintaining continuity with the existing policy framework.

The Swiss Federal Council adopted the country's first offset policy for defence procurements in December 2020. The framework was updated in January 2019, and replaced by a new Offset Policy in July 2021.

Switzerland first moved to codify offset principles in law in January 2022, when a Parliamentary Control Committee published a review that identified governance gaps in the offset policy.

A revised Offset Policy entered into force in November 2022. It sets out how Switzerland executes and checks offset transactions, and remains the governing framework for industrial cooperation in the country's defence procurements. Armasuisse, which sits in the Federal Department of Defence, Civil Protection, and Sport (DDPS) determines offset requirements and supervises their implementation (see *Quarterly Bulletin* April 2026).

In December 2022, the Swiss Federal Council instructed the DDPS to prepare a consultation draft for the SMA, incorporating offset provisions. This consultation concluded in June 2023. The revised SMA does not introduce a new offset system, but anchors the existing policy approach in law.

The amendment does not affect existing procurements or offset obligations.